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**From:**

**Sent:** Thu 8/7/2008 8:47 AM

**To:**

**Cc:**

**Subject:** RE: TEFRA Question

Partnership expenses paid by a partner on behalf of a partnership are the deductions of the partnership which are shared among the partners in accordance with the partnership agreement - the partner acts as the partnership agent in this respect. In effect, there is a deemed contribution of cash to the partnership followed by an expenditure of the partnership. Both the cash contribution and expenditure should be reflected on the partnership return. Because it would be a deduction of the partnership, it must be reported on the Form 1065 and Schedule K-1. If the partner reported inconsistently with his Schedule K-1, and did not file a Form 8082 Notice of Inconsistent Filing, we can directly assess the discrepancy under section 6222.

There is some case law (non-TEFRA) which would treat the expense as a direct expense of the partner separately deductible by him, if the partnership agreement specifically provides for this treatment [REDACTED]  
[REDACTED]